

# hud NEWS

Department of Housing and Urban Development – Andrew Cuomo, Secretary  
Office of Public Affairs, Washington, DC 20410

---

HUD No. 99-195

L. Richard Keyser (202) 755-7500 x137

Email Address: L.\_Richard\_Keyser@hud.gov

FOR RELEASE

Monday

September 27, 1999

## **HUD RELEASES SEPTEMBER SURVEY OF SECONDARY MARKET PRICES AND YIELDS AND INTEREST RATES FOR HOME LOANS**

WASHINGTON – The U.S. Department of Housing and Urban Development today released results of its latest survey of market conditions for fixed rate, long-term, level payment home loans as well as interest rates for home construction funds. The September 1, 1999, survey found that the most frequently quoted contract rate for HUD/FHA Section 203(b) mortgages being sold in the secondary market for immediate delivery was 8.00 percent. Typical prices for 8.00 percent contract interest rate loans produced a national average secondary market yield of 8.10 percent.

FHA secondary market yields increased slightly. Secondary market yields on the most frequently quoted Section 203(b) contract rate went up 10 basis points for the U.S. average.

In the FHA primary mortgage market, the average FHA effective rate for all reported primary market quotes was 8.18 percent. Lenders reported that the most frequent rate being quoted to potential FHA homebuyers for 60 days or more "lock-in" commitments was 8.00 percent with an average of 97 basis points and an effective interest rate of 8.13 percent. Average basis points for the 8.00 percent primary rate were 100 basis points in the Northeast and Southeast regions, 92 basis points in the West, and 0 basis points in the North Central. The Middle Atlantic and Southwest regions did not have quotes for the 8.00 percent primary interest rate.

The national average contract rates for commitments on conventional loans for new home loans in the primary mortgage market went up 12 basis points from 7.75 percent in August to 7.87 for September. Existing home loans also went up 12 basis points from 7.77 percent to 7.89 percent for the same period.

The proportion of HUD offices reporting an adequate supply of construction funds on September 1 was 100 percent for FHA and for conventional financings. For the trend of builders' plans, in the latest survey the majority of builders remained in the stable building plan category for each home price class. The proportion on September 1 was 67 percent across the board for low-priced homes, moderate-priced homes, and high-priced homes.

On September 1 the proportion of HUD Field Offices reporting a stable trend in builders' unsold

inventory of new homes was 92 percent, while 8 percent noted a declining trend and no one reported an advancing situation. An advancing trend is indicative of a growing inventory of homes, meaning either over-production and/or slower new home sales. Conversely, a declining inventory of new homes indicates demand would be relatively stronger than supply. One year ago the proportion of offices reporting a stationary trend was 73 percent, a declining trend 23 percent, and 4 percent reported an advancing trend.

##

Date of next release: October 25, 1999

The entire news release and all tables are now available on the WEB:

<http://www.hud.gov/fha/comp/rpts/fharpts.html>